IN THE HIGH COURT OF DELHI AT NEW DELHI

MAC. APP. No. 777/2006

Judgment delivered on: September 26, 2007

M/s. United India Insurance Co. Ltd. ..... Appellant
Through: Mr. Atul Nanda, Mr. Sandeep Bajaj and Mr. Rajesh Kumar, Advs.

versus

Master Imran Khan & Ors. ..... Respondents
Through: Mr. Vikas Kumar, Adv. for respondents No. 2 and 3
Mr. Iqbal Asharaf Rahmani, Adv.for respondent No.1

CORAM:

HON'BLE MR. JUSTICE KAILASH GAMBHIR

1. Whether the Reporters of local papers may be allowed to see the judgment? Yes

2. To be referred to Reporter or not? Yes

3. Whether the judgment should be reported in the Digest? Yes

KAILASH GAMBHIR, J. Oral:

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The appellant is aggrieved with the impugned award mainly on the ground that prior to the passing of this award, the matter

was settled before the Lok Adalat for a total sum of Rs.30,000/- vide orders dated 26.8.2001.

The contention of the counsel for the appellant is that once the settlement took place before the Lok Adalat, the same could not re-opened by the Tribunal. Counsel for the appellant has placed reliance on Section 21 of the Delhi Legal Service Authorities Act, 1987 and contends that every award of the Lok Adalat is a deemed decree of the civil court. The counsel further contends that such an order passed by the Lok Adalat is not appealable in any court of law.

For better appreciation of the contention raised by the counsel for the appellant, Section 21 of the Delhi Legal Service Authorities Act, 1987 is referred to as under:-

> "**21. Award of Lok Adalat. -** (1) Every award of the Lok Adalat shall be deemed to be a decree of a civil court or, as the case may be, an order of any other court and where a compromise or settlement has been arrived at, by a Lok Adalat in a case referred to it under sub-section (1) of Section 20, the court-fee paid in such case shall be refunded in the manner provided under the Court Fees Act, 1870 (7 of 1870).
>
> (2) Every award made by a Loak Adalat shall be final and binding on all the parties to the dispute, and no appeal shall lie to any court against the

award.”

On the other hand, counsel appearing for the respondent has placed reliance on the order dated 21.10.2002 passed by the MACT whereby learned MACT had not accepted the award passed by the Lok Adalat and had directed the matter to be proceeded further for admission/denial of documents and framing of issues. The contention of learned counsel for the respondent is that the said order dated 21.10.2002 had attained finality and the same was never assailed by the appell ant. Counsel further contends that even after passing of the said order, the appellant had duly participated in the proceedings by adducing evidence and by cross examining the witnesses produced by the respondent. Counsel, therefore, submits that now the appellant is estopped under law from assailing the said order dated 21.10.2002 by filing the present appeal against the final award taking shelter of Section 21 of the Delhi Legal Service Authorities Act, 1987.

I have heard learned counsel for the parties at considerable length and I find force in the submission of learned counsel for the respondent. I have also perused the records. It is no doubt true that under Section 21 of the Delhi Legal Service Authorities Act,

every award passed by the Lok Adalat is to be treated as a decree passed by the civil court and such an award passed by the Lok Adalat being final has a binding effect on all the parties to the dispute. But the question here arises as to whether the parties to the dispute have willfully and without exercise of any fraud, undue influence, coercion, pressure or mis-representation, came forward to settle/compromise the matter which led to the passing of the award by the Lok Adalat. In the case in hand, the respondent had moved an application dated 6.9.2001 wherein the order passed by the Lok Adalat was assailed on the ground that the appellant was misled by his counsel and acting on his advice, the appellant had signed and executed certain documents. The respondent has further stated in the application that the appellant was defrauded by his own counsel representing him before the Lok Adalat.

Perusal of the said application, thus, clearly shows that the allegations of fraud have been made by the appellant against his own counsel which led him to sign the documents although the respondent was not exactly aware that he was entering into some kind of final settlement. It is a settled principle of law that fraud vitiates every transaction. Learned Tribunal, believing the said

version of the respondent, had ignored the said award of the Lok Adalat and gave directions to the parties to proceed with the case. Perusal of the record further reveals that even reply was also not filed by the appellant to the said application of the respondent seeking setting aside of the Lok Adalat award. It is also admitted case between the parties that the said order dated 21.10.2002 was never challenged by the appellant and for the first time the same is being assailed in the present appeal.

In these circumstances, I am of the view that since the appellant did not contest the said application of the respondent and also even failed to challenge the order dated 21.10.2002 passed by the Tribunal, therefore the said order attained finality.

I, therefore, do not find myself to be in agreement with the contentions raised by the appellant in the present appeal. There is no other ground taken by the appellant to assail the said impugned award.

There is no merit in the appeal and the same is accordingly dismissed.

September 26, 2007 **KAILASH GAMBHIR, J.**
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